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Global Agricultural Information Network

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Report Highlights:

Welcome to Hot Bites from India, a weekly food and agricultural news summary. This report includes information gathered by local agricultural analysts and/or reported in the local media.

DISCLAIMER: The information contained in this report is not a statement of U.S. Government policy. The views and opinions reported by different news organizations do not reflect the policies of the U.S. Department of Agriculture or the U.S. Embassy in New Delhi.

General Information:

POLICY

DEMAND FOR CEREALS UP 11%, FOR EGGS 200%

Supplies are not able to meet the demand and imports have limited scope, prices will go up as slow-growing agriculture hits an 8% growth economy. (Source: [Financial Express](#) 09/12/2011)

AUGUST EXPORTS GREW 44.2%, SAYS KHULLAR

India's exports grew 44.2% in August but a sharp slowdown in growth trends in a turbulent global economic climate should prompt the government to support exporters with stimulus measures, commerce secretary Rahul Khullar said on Friday. (Source: [Financial Express](#) 09/10/2011)

AUGUST INFLATION AT 13-MONTH HIGH OF 9.78 PER CENT

The Reserve Bank of India (RBI) is now grappling with the twin issues of controlling inflation as well as reviving falling industrial growth. (Source: [The Tribune](#), 09/15/2011)

WTO SLAMS INDIA'S TRADE POLICY ON FOOD ITEMS

In its review of India's trade and economic policies, the WTO observed that India was one of the highest user of anti-dumping and a frequent user of safeguard measures. (Source: [Economic Times](#), 09/15/2011)

GRAIN AND FEED

EXPORTERS WELCOME GOVERNMENT'S MOVE TO LIFT BAN OF RICE AND WHEAT EXPORTS

Though the best time to export wheat would have been March, when the global market was facing an acute shortage, traders feel there is still good opportunity to earn, as Indian wheat is much cheaper than that of its competitors. (Source: [Business Standard](#), 09/12/2011)

RECORD RICE OUTPUT TO HELP TAME PRICES

The country's foodgrain production during the current kharif season is expected to be 123.88 million tons (mt), as against 120.2 mt last year. This will come on the back of record kharif rice output, pegged at 87.1 mt in 2011-2012, as against 80.65 mt last year, which is also expected to tame inflation to some extent. (Source: [Business Standard](#), 09/15/2011)

BIOFUELS

EXTEND KYOTO PROTOCOL: INDIA

India made it clear that it wanted extension of the current Kyoto Protocol on emission cuts, but said it would not accept any further legally binding emission framework. (Source: [Business Standard](#), 09/16/2011)

COTTON

COTTON EXPORTS TO STAY UNDER OGL REGIME

India will not put any restriction on the export of the natural fiber in the next crop season beginning October. (Source: [Financial Express](#) September 10, 2011)

COTTON BODY PROJECTS 36.4 MILLION-BALE CROP

With cotton acreage likely to rise by 10 percent because of a favorable monsoon, the Cotton Association of India (CAI) has estimated the production in 2011-12 beginning October at 36.4 million bales of 170 kg each. Last year, the country produced 33.2 million bales. (Source: [Business Line on Cotton Production](#), 9/9/11)

FOOD SECTOR

SMALL FOOD FIRMS CHART BIG GROWTH PLANS

Small domestic food companies continue to be bullish about India's consumption story, despite inflation and interest costs eating into discretionary spends. (Source: [Business Standard](#), 09/16/2011)

OILSEEDS

INDIA SEEN DOUBLING VEGOIL IMPORTS BY 2020

INDIA will import 15m tonnes of vegetable oil - almost twice its current volume -- by 2020, the Asian country's ambassador to Buenos Aires said yesterday. (Source: [The Public Ledger](#), 09/14/2011)

RETAIL

FDI IN MULTI-BRAND RETAIL ON THE BACK BURNER AGAIN

Averse to opening another political front, government won't take a call before next financial year. (Source: [Business Standard](#), 09/14/2011)

OTHER

GOVERNMENT TO REVIEW RESTRICTION AT NEXT EGOM MEET

Amid growing farmer protests and political pressure against the ban on onion exports, government might review the decision at the next meeting of the Empowered Group of Ministers (EGoM) on Food. (Source: [Business Standard](#), 09/15/2011)

COCA-COLA TIES UP WITH JAIN IRRIGATION

Coca-Cola India and Jain Irrigation on Wednesday launched Project 'Unnati', a unique partnership with farmers to demonstrate and enable adoption of ultra-high density plantation (UHDP) practice for mango cultivation. (Source: [The Hindu](#), 09/15/2011)

NEWS IN DETAIL:

DEMAND FOR CEREALS UP 11%, FOR EGGS 200%

Yoginder K Alagh; Posted: Monday, Sep 12, 2011 at 0129 hrs IST

We are constantly reminded that food inflation is India's biggest problem today. Will the increase in food prices come under control? Probably not. But inflation need not be what it is right now, if proper policies are followed. Proper policies will, however, probably not be followed, so we get back to square one. At best, somewhere in between where we are and where we should be. But let's begin at the beginning. The wholesale price index for food items went up by a little over 10% for the year ending August 20, 2011. (As I write this, September 8 figures are yet to come in). The 52-week average increase was 11.5%. For cereals, however, this was only 4.2% and (as the kharif crop is to come in), and the price of pulses went down by 4.16% this year and the 52-week average decline was 6.5%, so that the farmer feels cheated when he comes in to sell pulses. But, on August 20 this year, as compared to the same day last year, vegetable prices were 15.8% higher, fruits 21.6%, milk 9.2%, and meat, eggs and fish 12.6%. The 52-week average increase was higher.

Seasonal variations apart, will food prices fall? No. When your economy grows at 8% and per capita income at 6.5%, if the income elasticity of demand is around 2, the demand for that commodity grows at 13-15%. In other words, demand goes out of the window. We are fairly good at estimating price elasticities because before Professor Rangarajan with the concurrence of Shri Ahluwalia decided that the Planning Commission should not have details in plans or discuss plans with anybody, we had a very good system of demand forecasting there. Perhaps one of the best anywhere. The Linear Expenditure system started by the Task Force on Poverty that I chaired in the mid-seventies did the first workout but professional economists kept it up. The elasticities for foodgrains are as low as point one of 1% for urban people and never above a third of 1% for the poor in rural areas. But as I report in a book on the future of Indian agriculture that's in the press, even for the rural poor they are over 2 for milk and milk products, around 1.5 for meat, eggs and fish and sugar and over 1 for fruits and vegetables and edible oil. Agricultural supplies never grow by 10-15%; foodgrain prices will not rise much and non-foodgrain prices will. I report in my book that the decadal growth figure for the demand of cereals is 11%, but for potatoes it's 24%, 30% for vegetables, 40% for milk, 200% for eggs and 250% for chicken. Since supplies will not go up at this rate and imports have limited scope, prices will go up as slow-growing

agriculture hits an 8% growth economy.

In fact, in any fast-growing economy, some high-demand inelastic or slow-growing supply items will go up in price. But growth also means technical change and relative prices of other goods will go down. On balance, inflation would be limited. While technical change is fairly rapid in India, the fall in some prices is not happening in India as—RBI constantly tells us—because our central and state governments are living as if there is no tomorrow. Raising interest rates, apart from choking growth, only go so far.

At least economists have to speak the truth in the days of competitive politics where parties will always promise goodies without costs. But the price increase need not be what it is. This is the third part of the story.

If the government decides that it will give technological assistance and create a positive economic environment for the next crop season, our production of food items will rise. Since almost all imports are more expensive—and will become more so, given ongoing trends in the rupee exchange rate, as the oil and pulse importers have said—this will mean that prices will rise less as compared to an environment where such policies are not there. This will require calibrated medium-term tariff policies, no subsidies for imports, and financial and technological packages for domestic producers. They have said they will not have a tariff policy with a medium frame for reasons that aren't very opaque; sugar farmers have to get more protection than cotton farmers although this doesn't make sense; and so will it go on.

It breaks my heart to see hybrid projects being wound down or GM seed trials put at the mercy of state governments. The government has nixed Bt brinjal. Now we will pay the price for another luddite decision as vegetable prices rise annually by 20%. It is truly a bizarre world.

Finally we have a lot of cereals in stock and prices are not rising and demand won't either. In fact, the food security Bill should be pushed through for, given the relevant elasticity, the poor are not demanding that much of grain. But overprotecting grains leads to lower supplies of the items where demand is rising, for land and water are limited. Another bad policy we will not change, to protect some politicians' boroughs.

So it will go on. But maybe somebody out there is reading this, and we will get some better policies. I am really an optimistic kind of blighter.

AUGUST EXPORTS GREW 44.2%, SAYS KHULLAR

Reuters; Posted: Saturday, Sep 10, 2011 at 0129 hrs IST

New Delhi: India's exports grew 44.2% in August but a sharp slowdown in growth trends in a turbulent global economic climate should prompt the government to support exporters with stimulus measures, commerce secretary Rahul Khullar said on Friday.

Indian exporters enjoyed record growth in the last fiscal year and have notched high double digit growth in recent months, buoyed by demand for the country's cars, petroleum products and precious stones. July's reading was more than 80% growth.

However, economic turbulence in the US and Europe means growth will likely slow down further in September and October, he said, likely bulging the trade deficit for the fiscal year ending March 2012. Import growth has surged in recent months as India, one of the world's fastest growing major economies, imports anything from oil to transport equipment to industrial machinery, despite recent industrial data pointing to a slowdown.

I don't know when, something will have to be done, commerce secretary Rahul Khullar told reporters, when asked whether the government would provide stimulus measures for exporters. Up till now we have had a good run, but you could be looking at difficulties down the road. If you want to prevent them, then you better kick in now with action.

India's August exports rose 44.2% to \$24.3 billion, while imports for the month rose 41.8% to \$38.4 billion, leaving a trade deficit of \$14.1 billion, Khullar said on Friday. The trade deficit has shown a widening trend over the last three months. It widened to \$14.1 billion in August from \$11.1 billion in July, and \$7.7 billion in June.

Khullar warned that trade deficit for the current fiscal that ends in March could top \$130 billion. The trade deficit for fiscal year 2010/11 stood at \$104.8 billion.

AUGUST INFLATION AT 13-MONTH HIGH OF 9.78 PER CENT

Sanjeev Sharma/TNS

New Delhi: Inflation soared to its highest level in more than a year at 9.78 per cent. The Reserve Bank of India (RBI) is now grappling with the twin issues of controlling inflation as well as reviving falling industrial growth.

However, RBI's balancing act between inflation and growth received a further setback this week, with industrial growth in July slipping to 3.3 per cent, a 21-month low.

Bankers expect the RBI to raise interest rates again by 25 basis points in its monetary policy review on Friday.

The Federation of Indian Chambers of Commerce and Industry (FICCI) said that the latest inflation data released by the government hides more than it reveals. Inflation has begun to taper, it said and called for the RBI to pause rate hikes.

Associated Chambers of Commerce and Industry (ASSOCHAM) said that any rate hike by RBI at this juncture will impact growth.

WTO SLAMS INDIA'S TRADE POLICY ON FOOD ITEMS

ET Bureau Sep 15, 2011, 04.11am IST

NEW DELHI: The World Trade Organisation has slammed India for its protective trade policy on food items that prevents exports at a time when world is facing record food prices.

In its review of India's trade and economic policies, the WTO observed that India was one of the highest user of anti-dumping and a frequent user of safeguard measures against imports from other countries. "Trade policy seems to be lacking an overall thrust and is being conducted mostly on a sector or product basis," it said.

India uses trade policy to attain short-term goals such as containing inflation, although it aims to provide a stable trade policy environment to reach its long-term goals, the report said. This use of trade policy for shortterm non-trade-related objectives may detract from the stability sought, as it requires constant fine-tuning of policies to attain these short-term goals.

EXPORTERS WELCOME GOVERNMENT'S MOVE TO LIFT BAN OF RICE AND WHEAT EXPORTS

Sanjeeb Mukherjee / New Delhi September 12, 2011, 0:01 IST

Welcome govt's move to lift ban on rice & wheat exports.

Albeit late, the government's decision to allow unhindered export of wheat and rice has raised hopes among exporters about earning reasonable margins in international markets, as the price situation has turned back in India's favour.

The official notification, issued on Friday, has allowed unrestricted export of these grains, but food minister K V Thomas said anything beyond two million tonnes each of wheat and rice would not be permitted.

Though the best time to export wheat would have been March, when the global market was facing an acute shortage, traders feel there is still good opportunity to earn, as Indian wheat is much cheaper than that of its competitors. It stands a good chance of being exported to its traditional destinations like Southeast Asia and West Asia, as it will be cheaper than Russian and Australian wheat, its two nearest competitors.

Traders said the Russian Black Sea wheat was being quoted at \$310 per tonne (carriage and freight inclusive) in West Asian countries, while Australian wheat is being sold at \$350 per tonne in Southeast Asia. In both areas, Indian wheat would be priced at \$310-315 per tonne.

"On the whole, we feel that though we might have missed the bus in March, all is not lost," a senior trader working in an international grain trading firm said. At the time, Black Sea wheat had not even come.

In the case of rice, traders feel India's could be around \$75 per tonne cheaper than its nearest competitors from Southeast Asia such as Bangladesh and Pakistan. In the international markets, the benchmark Thailand 100 per cent B-grade white rice was quoted at \$640 per tonne on Thursday, the highest since October 2008.

The government had announced allowing exports of up to two million tonnes of wheat and an equal

quantity of non-Basmati rice under open general license (OGL). The ban was imposed in 2007 as the domestic price of grain rose because of low procurement by state-run agencies.

In July, the government had allowed export of a million tonnes of non-Basmati rice, but no shipment could take place, as the matter got into a legal tangle. Putting export under OGL would mean the complications that arose in July would not happen this time.

Time and again, there has been a demand from various circles to lift the ban, especially after procurement of wheat and rice started reaching record levels, but the government has been wary of doing so, as it could have pushed up prices in domestic markets. Exports were also held up as the Centre was in the process of finalising the numbers for grain requirement under the proposed Food Security Act, expected to be operationalised from the next financial year.

However, the government was pushed to re-think its decision as bulging grain stocks in state-run warehouses led to prices falling below the minimum support price in many places.

“The price of wheat in areas like Rajasthan, Gujarat and Uttar Pradesh dropped below the government fixed MSP (minimum support price) of Rs 1,120 per quintal, while stocks are overflowing. Hence, there was an urgent need to allow some export to ease the surplus,” a senior food ministry official said.

As on August 1, wheat stocks in government warehouses were 35.87 million tonnes, substantially higher than the target of 17.1 mt set for July-September. Rice stocks during the same period were estimated to be around 25.7 mt, against the requirement of 9.8 mt.

RECORD RICE OUTPUT TO HELP TAME PRICES

BS Reporter / New Delhi September 15, 2011, 0:11 IST

In what should bring some relief to the government in its battle against rising food prices, the agriculture ministry on Wednesday said the country's foodgrain production during the current kharif season is expected to be 123.88 million tonnes, as against 120.2 mt last year.

Overall, foodgrain production is projected to increase to 123.88 million tonnes against 120.20 million tonnes of last year due to bumper rice harvest, which should give some respite to the government in its fight against rising food inflation. Officials said rice output is expected to rise significantly because of higher acreage and favourable weather.

This will come on the back of record kharif rice output, pegged at 87.1 mt in 2011-2012, as against 80.65 mt last year. Kharif (summer) crops are usually sown with the arrival of monsoon in June and harvested from mid-September. The country is aiming to produce a record 102 mt of rice in the 2011-12 crop year (kharif and rabi), higher than the 95.32 mt produced in 2010-11.

There was a record rice production of 84.91 mt in the 2008-09 kharif season, but it declined after that.

Releasing the first advance estimate for the 2011-2012 crop marketing season that started in July, agriculture minister Sharad Pawar said, “Looking at our performance in recent times, we believe the country can achieve all-time high foodgrain production of 245 million tonnes in 2011-12, including rabi and kharif. ”

Oilseed production during the 2011-2012 crop year is estimated at 20.89 mt, up from 20.25 mt last year, the official statement said. Production of groundnut is estimated to be 5.62 mt as against 5.65 mt last year. Soybean output is estimated to be 12.57 mt as against 12.65 mt last year.

In cash crops, production of sugarcane is estimated at 342.2 mt, up from 339.16 mt last year, while that of cotton is estimated to rise to 36.1 million bales as against 33.42 million bales last year (1 bale=170 kg).

EXTEND KYOTO PROTOCOL: INDIA

BS Reporter / New Delhi September 16, 2011, 0:36 IST

India made it clear today that it wanted extension of the current Kyoto Protocol on emission cuts, but said it would not accept any further legally binding emission framework.

“Before we decide on a new legally binding framework,” said environment minister Jayanthi Natarajan, “it is important to ensure that the existing framework does not crumble. There is at present a legally binding framework (Kyoto Protocol). We want it to continue.”

The statement comes ahead of the crucial 17th Conference of parties to the climate change convention at Durban in December. So far, India has maintained that while it would make all efforts to cut back on green house gas emissions and even report about this to its own Parliament, these would be voluntary.

The country has also pledged to strive to reduce emissions intensity of India’s GDP by 20-25 per cent by 2020 over 2005.

Natarajan maintained that India had done voluntarily “far more than developed countries” on the issue of carbon emission cuts, and sought to know from the developed nations about their efforts on this front “before we talk about any other legally binding commitment.”

The 2005-enforced Kyoto Protocol, which requires developed countries to cut emissions, expires at the end of 2012. The Protocol, signed by 193 parties till now, is an international agreement linked to the United Nations Framework Convention on Climate Change (UNFCCC).

Its major feature is that it sets binding targets for 37 industrialised countries and the European community for reducing greenhouse gas emissions. These amount to an average of five per cent against 1990 levels over the five-year period 2008-12.

Natarajan, briefing the media after attending the Informal Ministerial Consultations on Climate Change in South Africa’s Pretoria, had said the continuation of the second commitment period of the Kyoto Protocol would be a key deliverable in the upcoming climate change dialogue in Durban. The meeting in Pretoria comes ahead of the climate change talks in Durban in December.

Countries are still divided on several issues ahead of the meeting to try and create a new mechanism to succeed the Kyoto Protocol. Clearing India’s stand, Natarajan said, “As a developing country, India has already taken substantial and ambitious actions at great cost. The issue of a legally binding agreement has acquired huge political sensitivities in India. I am guided by a political consensus in my country which regards poverty eradication and sustainable development as the overriding priorities.”

Natarajan said India would talk to other developing countries on various issues ahead of the Durban meet.

COTTON EXPORTS TO STAY UNDER OGL REGIME

Press Trust of India; Posted: Saturday, Sep 10, 2011 at 0033 hrs IST

New Delhi: India, will not put any restriction on export of the natural fibre in the next crop season beginning October. "Yes, it will be under Open General Licence (OGL) for the next cotton season," Commerce Secretary Rahul Khullar told reporters here. The cotton season runs from October to September.

The issue is believed to have been reviewed by senior ministers-finance, commerce and agriculture in the last two days. Against the estimated domestic consumption of 26.4 million bales, the production is pegged at 35.5 million bales next season, against 32.5 million bales in the current season, leaving room for exports, according to the Cotton Advisory Board (Cab).

Exports were put on the restricted route early in the current season. An initial ceiling of 5.5 million bales was enhanced by one million bales later. The export curbs were imposed after the domestic textiles industry, hit by high commodity prices, had exerted pressure on the government to step in.

However, the move had come in for a criticism from the agriculture ministry as also several chief ministers, including Narendra Modi from Gujarat. Finally, the government removed the export restrictions last month and put cotton on the OGL.

After reaching a peak of about R64,000 per candy (350kg) in March, prices crashed to R31,000 per candy in July. The prices have since stabilised at about R38,000 per candy, according to the Confederation of Indian Textile Industry.

COTTON BODY PROJECTS 36.4 MILLION-BALE CROP

Our Bureau

With cotton acreage likely to rise by 10 per cent because of favourable monsoon, the Cotton Association of India (CAI) has estimated the production in 2011-12 beginning October at 363.75 lakh bales of 170 kg each. Last year, the country produced 332.25 lakh bales.

The area under cotton is estimated to rise to around a record 120 lakh hectares this season. The projected balance sheet by the association estimates cotton supply at 425.50 lakh bales while the domestic consumption is pegged at 268 lakh bales, thus, leaving a surplus of 157.50 lakh bales.

"The cotton crop looks promising for the coming season. The monsoon has been by and large normal throughout the cotton belt, thereby pushing up the possibility of better yields," said Mr Dhiren N. Sheth, President, CAI.

According to CAI estimates, Gujarat — the *numero uno* cotton grower — will produce 113 lakh bales of cotton against 105 lakh bales produced during 2010-11. Maharashtra is likely to see just a three-lakh-bale rise in its production to 85 lakh bales while Andhra Pradesh's output is pegged at 63 lakh bales (55 lakh bales).

SMALL FOOD FIRMS CHART BIG GROWTH PLANS

Viveat Susan Pinto / Mumbai September 16, 2011, 1:37 IST

Small domestic food companies continue to be bullish about India's consumption story, despite inflation and interest costs eating into discretionary spends. With packaged foods penetration in India at five per cent, many say there was enough potential to expand the market and investments are the way forward.

Sample this: Mumbai-based Capital Foods, maker of Smith & Jones and Ching's brand of noodles, is looking to launch a range of products from ready-to-cook, ready-to-eat, snacks and beverages. While Ajay Gupta, managing director, Capital Foods, declined to give a definite time frame for the launch, he indicated that the products will be rolled out in the next few months.

The scenario was no different with Gurgaon-based LT Foods, which markets the Daawat basmati rice. The firm is looking to roll out a range of products in the ready-to-cook and ready-to-eat space, says Vijay Kumar Arora, managing director of the company. "We have made a start with rice-based snacks such as rice cakes and chips. We are exploring other food segments."

Mumbai-based ADF will mark its re-entry into the Indian market with the launch of its pickles, chutneys, sauces and pastas range by November. The firm marketed the popular Mother's Recipe brand of pickles a few years ago, which it subsequently offloaded to focus on its international business.

Bimal Thakkar, managing director, ADF, said the time was now ripe for its entry back into the domestic market. "We have been test-marketing a range of Indian pickles and ready-to-cook products for the last one year. We will now roll it out by November in Mumbai and Pune and gradually expand to other parts of the country."

Thakkar said his company was investing Rs 50 crore in the next three years to push its food range in India. Capital Foods' Gupta, on the other hand, said the new launches will entail an investment of roughly Rs 100 crore. Kishore Biyani's Future Ventures has a 40 per cent stake in Capital Foods. Arora of LT Foods, however, declined to indicate the investment amount for the company's new product launches. He, however, indicated it will be a sizable amount, given that the company was looking at a significant play.

Archival Kohinoor Foods, which markets basmati rice under the same name, has already taken a lead with a range of ready-to-eat, spices & seasonings, frozen foods, sauces and cooking pastes. The firm recently got into a joint venture with US-based spice & seasonings major McCormick, which will now market both its basmati rice and ready-to-eat-and-cook products in India, besides launching its own proprietary products.

Arora said the domestic food space is getting exciting as Indians open up to new food habits. "That is what is driving this interest in the food sector." "I remain bullish about India's long-term consumption story, though inflation and interest costs appear to be taking the sheen off discretionary spends at the moment."

India's food inflation has been hovering in the region of 9-10 per cent for a year now, while lending rates have moved up by at least 200 to 250 basis points.

INDIA SEEN DOUBLING VEGOIL IMPORTS BY 2020

INDIA will import 15m tonnes of vegetable oil - almost twice its current volume -- by 2020, the Asian country's ambassador to Buenos Aires said yesterday.

India, the world's biggest importer of edible oils, relies heavily on palm oil imported from Indonesia and Malaysia and also buys soya oil from Argentina and Brazil. The Asian country became a key market for Argentine soya oil a year ago after China halted imports of the soyabean product in retaliation for Argentine import curbs on Chinese manufactured goods.

"India is a growing market and will raise its vegetable oil imports to 15m tonnes in 2020 from the current 8m tonnes," Rengaraj Viswanathan told Reuters at Mercosojá 2011, a forum for soya farmers, exporters and government officials held at the country's Rosario grains hub.

FDI IN MULTI-BRAND RETAIL ON THE BACK BURNER AGAIN

Nivedita Mookerji & Nayanima Basu

New Delhi: Averse to opening another political front, govt won't take a call before next financial year. The much-awaited multi-brand retail policy allowing foreign direct investment (FDI) in the sector has been put on the back burner. Officials close to the developments say the government is likely to take a call on the matter only in the next financial year. The officials say no "concrete move" has yet been taken to take the matter to the Union cabinet for approval after the recommendation of the Committee of Secretaries (CoS) on July 22 to allow 51 per cent FDI.

A lack of political will is seen as the main reason for the government not taking up the proposal actively, even two months after the in-principle nod by the CoS. The government is under pressure for several reasons, and it is not in a mood to open a new front, according to sources in the know. Another reason being cited is the absence of a consensus between ministries over the policy riders.

Officials across ministries said FDI in multi-brand retail was at least eight to 12 months away, if not more. "Any policy decision on this issue is expected only after April 2012," an official said. FDI in retail seems to be off the map now, pointed out another official in the know of things. He added, "It is not coming at least this financial year."

"When the CoS came out with such a long list of riders, it was a clear indicator that many things had to be ironed out before a policy could be put in place," a top industry representative said. Some others, with close links to the retail sector, argued the government was facing opposition on various fronts and, therefore, was not likely to take any decision on such a sensitive subject.

A secretary, who was part of the CoS, said the safeguards or riders in allowing FDI in multi-brand retail were still in the process of being ironed out. The policy riders approved by the CoS said investing at least 50 per cent of the FDI in back-end infrastructure should be mandatory, 30 per cent sales turnover would have to come from small traders, and retailers would have to source at least 30 per cent

manufactured items in value terms from small and medium enterprises.

Senior BJP leaders admit the party cannot possibly stop the government from allowing foreign companies in multi-brand retail if it has already made a decision. But they are asking BJP-ruled state governments to oppose the decision at the highest level. The states that have been more vocal against the retail FDI move include Gujarat, Karnataka, Bihar, Madhya Pradesh and Himachal Pradesh.

International retail majors waiting for the sector to open up for years include the US-based Walmart, the UK's Tesco, and Carrefour of France. Some of the other global retailers Business Standard contacted after the CoS nod, including Sears, Kmart, Target, JC Penney, Saks Fifth Avenue, Selfridges, Galeries Lafayette, J Sainsbury, Woolworths, Harrods, Nordstrom, Albertsons, and Macy's, said they were not actively exploring the India market.

While FDI is not permitted in multi-brand retail, single-brand outlets are allowed up to 51 per cent foreign investment. In cash and carry or wholesale trade, up to 100 per cent FDI is allowed. *(With inputs from **Gyan Verma** in New Delhi.)*

GOVERNMENT TO REVIEW RESTRICTION AT NEXT EGOM MEET
BS Reporter / New Delhi September 15, 2011, 0:16 IST

Amid growing farmer protests and political pressure against the ban on onion exports, Food and Consumer Affairs Minister K V Thomas on Wednesday said the government might review the decision at the next meeting of the Empowered Group of Ministers (EGoM) on Food.

Last week, the EGoM, headed by Finance Minister Pranab Mukherjee, had decided to ban the export of onions — a staple of the Indian kitchen — to boost domestic supply and control rising retail prices, which have risen to Rs 25 a kg in the national capital from Rs 15 a kg a few weeks ago. The panel of ministers also decided to review the export ban after every 15 days.

A report from the National Horticulture Research and Development Foundation had blamed the sudden spurt in the prices on hoarding by traders and delayed sowing of the kharif onion crop. "We are watching the situation. We may review the decision in the next EGoM," Thomas told reporters here.

He said the government was not against farmers and traders, but emphasised that onions should be available to consumers at a reasonable price. All the onion markets in Nashik district of Maharashtra have remained closed since September 9 in protest against the ban. The minister said the government took the precautionary decision to ban exports as it did not want prices to escalate to the levels witnessed earlier this year, when the commodity was selling at Rs 80 a kg.

Thomas said state-run National Agricultural Cooperative Marketing Federation and National Cooperative Consumers Federation of India have started selling onions from their outlets in Delhi at Rs 18 a kg.

All major political parties in Maharashtra, along with the chief minister have urged the Union government to lift the ban on exports. Maharashtra is the country's largest onion producer,

accounting for 30 per cent of the annual crop. Following the ban on export, onion prices dropped by Rs 4 a kg last week in Nashik's wholesale market. In Delhi's Azadpur wholesale market, the prices have dropped by Rs 8 a kg.

COCA-COLA TIES UP WITH JAIN IRRIGATION

Coca-Cola India and Jain Irrigation on Wednesday launched Project 'Unnati', a unique partnership with farmers to demonstrate and enable adoption of ultra-high density plantation (UHDP) practice for mango cultivation. The project will encourage sustainable, modern agricultural practices and help double mango yields. UHDP is a farming practice that leads to mango orchards attaining their full potential in 3-4 years and allows nearly 600 trees to be planted per acre instead of the conventional 40 trees.

In the first phase, 200 demo farms of size between one and three acres will use the UHDP technique for mango cultivation while also utilising the benefits of drip irrigation. This will improve farmer's income by improving yield/acre and also decrease the water used. The first phase has an investment outlay of more than \$2 million and will be shared equally between the two companies. It will begin with UHDP farming in some farms in Chittoor and Cudappa districts of Andhra Pradesh, an area renowned for the Totapuri Mango.

Going forward, these demo farms will be used to showcase and train farmers on the technique and adoption of UHDP practice under a joint capability building programme under the aegis of Jain irrigation and Coca-Cola University. Jain Irrigation is already a strategic partner of Coca-Cola on the fruit beverage side of its business.

Estimates suggest that demand for packaged mango-based beverages is set to increase consistently over the coming years. However, the area under mango cultivation is not growing at the same rate. UHDP mango plantation is a viable solution and can be undertaken in all tradition mango growing regions.

This process requires mango grafts of commercial varieties planted close to each other. Special techniques lead to the well-rounded growth of mango orchards. This technique has been standardized and commercialized by Jain Irrigation at its R & D farm at Udmalpet, Tamil Nadu where currently 100 acres is under UHDP.

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